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BACM 1969

**NINTH
ANNUAL
REPORT**

**BACM
INDUSTRIES
LIMITED**





BACM INDUSTRIES LIMITED

222-3201

ANNUAL REPORT

Year Ended December 31, 1969

CONTENTS

SUMMARY & GROWTH REVIEW	Page 3
DIRECTORS & OFFICERS	Page 5
MANAGEMENT COMMITTEE	Page 5
DIRECTORS' REPORT	
TO THE SHAREHOLDERS	Page 7
LAND & HOUSING	Page 9
BUILDING SUPPLIES	Page 11
MANUFACTURING	Page 13
HEAVY CONSTRUCTION	Page 15
FINANCIAL STATEMENT INDEX . . .	Page 16
AUDITORS' REPORT	Page 16
STATEMENT OF	
CONSOLIDATED INCOME	Page 17
CONSOLIDATED BALANCE	
SHEET	Pages 18 & 19
NOTES	Pages 22-25
NINE YEAR SUMMARY	Pages 26 & 27
BACM BUSINESS ACTIVITIES	
& COMPANIES	Inside Back Cover

The Annual Meeting of the Company will be held at the Corporate Office, 1500 Plessis Road, Winnipeg, Manitoba, at 8:00 p.m. on April 21, 1970.

COVER PHOTOGRAPHS

The Company is a major supplier of products and services to assist in the growth of western Canada. Its heavy construction, land and housing, manufacturing and building supplies operations are important contributors to the expanding economy of western Canada.



The Company is the largest single family dwelling builder in Western Canada . . . it participates in other residential and commercial building through its supply operations (ready-mix concrete etc.) and its manufacturing operations (precast concrete products).



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SUMMARY & GROWTH REVIEW

SUMMARY—CURRENT YEAR

	TWELVE MONTHS ENDED DEC. 31, 1969	NET SALES	TOTAL OPERATING REVENUES	NET INCOME	NET INCOME PER SHARE	RETURN ON NET SALES	RETURN ON SHAREHOLDERS' EQUITY	BOOK VALUE PER SHARE	WORKING CAPITAL	1969
(000's Omitted)		\$104,785	\$106,018	\$4,500	\$2.61	4.3%	15.9%	\$18.48	\$14,470	
INCREASE		\$35,077	\$35,166	\$1,789	\$.70	.4%	2.1%	\$3.65	\$1,403	
TEN MONTHS ENDED DEC. 31, 1968*		\$69,708	\$70,852	\$2,711	\$1.91	3.9%	13.8%	\$14.83	\$13,067	1968*

FIVE YEARS OF GROWTH





Housing
Harry Brown on 339-2086

222-3201

DIRECTORS AND OFFICERS

DIRECTORS

J. L. BODIE
F. C. COPE, Q.C.
E. J. CUYLER
A. A. FRANCK
R. F. JENNINGS
B. T. JOHNSON
D. R. McARTHUR
A. A. MacNAUGHTON
A. L. SIMKIN
I. SIMKIN
S. SIMKIN

OFFICERS

S. SIMKIN, President & Chairman of the Board
J. L. BODIE, Vice-President
B. A. MONKMAN, Vice-President
A. L. SIMKIN, Vice-President
I. SIMKIN, Vice-President
D. D. TALLMAN, Vice-President
K. C. KINSLEY, Treasurer
T. R. DENTON, Secretary

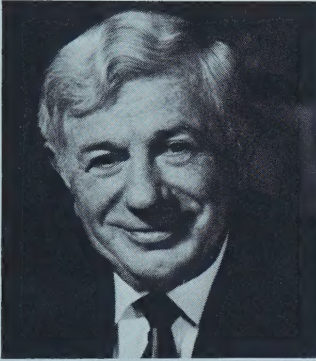
MANAGEMENT COMMITTEE

K. A. BAILEY—Manager of Management Services, BACM group of companies.
J. L. BODIE—Vice-President of BACM INDUSTRIES LIMITED
J. J. DENHOLM—Vice-President of B-A Construction Ltd. and Standard-General Construction (International) Limited; Manager of Finance, Construction Operations.
T. R. DENTON—Secretary of BACM INDUSTRIES LIMITED and Vice-President of B.A.C.M. Limited; Secretary of BACM group of companies.
A. W. FALK—President and General Manager of Con-Force Limited.
C. L. GOLDIN—Vice-President of B.A.C.M. Limited and General Manager Greater Vancouver Area of Standard-General Construction (International) Limited.
J. V. HAYWARD—President and Managing Director of Engineered Homes (Great Britain) Limited.
J. L. HOLMAN—Vice-President and General Manager of Consolidated Concrete Limited.
K. C. KINSLEY—Treasurer of BACM INDUSTRIES LIMITED and Vice-President of B.A.C.M. Limited; Chief Financial Officer of BACM group of companies.
V. S. G. LEWIS—President, B.A.C.M. Development Corporation Limited; Vice-President of B.A.C.M. Limited and General Manager of Land & Property Development Division.
B. A. MONKMAN—Vice-President of BACM INDUSTRIES LIMITED and President of Consolidated Concrete Limited; General Manager of Building Supply Operations.
R. I. MORTON—Manager of Corporate Public Relations & Advertising of BACM group of companies.
R. A. ORR—President and General Manager of Engineered Buildings Limited and Engineered Homes Limited.
E. ROSENBLAT—Vice-President of B.A.C.M. Limited and General Manager of Manitoba Building Supply Divisions.
A. L. SIMKIN—Vice-President and General Counsel of BACM INDUSTRIES LIMITED; General Manager of BACM Housing & Land Development Operations.
I. SIMKIN—Vice-President of BACM INDUSTRIES LIMITED and President of B-A Construction Ltd. and Standard-General Construction (International) Limited; General Manager of Construction Operations.
J. SIMKIN—Vice-President of B-A Construction Ltd. and General Manager of Equipment Division.
S. SIMKIN—President and Chairman of the Board of BACM INDUSTRIES LIMITED, President of B.A.C.M. Limited and Chief Executive Officer of BACM group of companies.
A. J. SMITH—Vice-President of B.A.C.M. Limited and General Manager of Gypsum Products Division; B-A Construction Ltd.; General Manager of Western Construction Division.
I. SPECTOR—Vice-President of B.A.C.M. Limited and General Manager of BACM's Manufacturing Operations.
D. D. TALLMAN—Vice-President, Special Projects, of BACM INDUSTRIES LIMITED.
H. F. WARD—General Manager REDI-MIX LIMITED.



DIRECTORS' REPORT TO THE SHAREHOLDERS

BACM INDUSTRIES LIMITED



It is with satisfaction that we report the conclusion of the fifth consecutive year in which revenues and earnings have risen to record levels for our Company, continuing the trend which is represented graphically on page 3 of this report. Operating revenues of \$106,017,911 yielded net income of \$4,500,486, or \$2.61 per share. In the preceding ten-

month fiscal period operating revenues of \$70,852,279 had yielded net income of \$2,710,571 or \$1.91 per share. Elsewhere in this report we have provided a table of comparative financial statistics which covers the entire history of the Company as a public corporation.

While continuing to expand by corporate acquisitions during 1969, your Directors have also sought to emphasize and to stimulate the internal growth of the Company. Plant expansions were undertaken in several centres, construction activities were extended into the city of Edmonton and augmented in Vancouver, and the inventory of developable land owned or held under option was increased significantly.

Acquisition of Con-Force Limited and of Redi-Mix Limited during 1969 contributed materially to the strengthening of the Company's position as the principal manufacturer of concrete products throughout the Canadian prairie region. These acquisitions represent investment of some \$4,600,000 and \$3,000,000 respectively. Other smaller corporate acquisitions were undertaken in support of the Company's construction activities in Manitoba, British Columbia and Northern Alberta, and in support of housing and land development operations in the city of Calgary; together these acquisitions represent investment of approximately \$2,500,000.

Although the 1969 results reflect the best business year in our Company's history, not all areas of operation were uniformly buoyant, and the Company's potential was not fully utilized. Government anti-inflation fiscal policies are felt first in the heavy construction industry, tight money and high interest rates inhibit both home sales and construction of the types of larger buildings that are heavy users of our concrete products, while in the province of Saskatchewan problems in the agricultural economy cause development activity to continue at a low level. These factors tended to have an adverse effect on the Company in 1969 and to the extent that they continue into 1970, they cause your Directors to share, with informed comment gen-

erally being heard from the North American business community, a concern over prospects for the current fiscal year.

We continue to advance the integrated character of our Company's operations as being the most effective means of strengthening and ensuring the profitability of the individual functions which are described in greater detail later in this report. In Manitoba, Saskatchewan and Alberta the capabilities of the operating divisions now complement each other in the intended manner of integration. Your Directors are turning an increasing measure of attention to British Columbia where some of our operations are not yet represented and where our total capacity is still relatively limited.

In order to profit more fully from the functional integration possible at operational levels, during 1969 at the corporate level we undertook or advanced several projects. There are now over 3,000 mobile units in the Company's equipment fleet, so that maximizing utilization and performance is essential; we have now instituted a centralized system of monitoring the use of this equipment to assist in achieving this objective. Coincident with this centralized system there is being implemented a program of vehicle identification which will indicate to the public the degree of corporate unity while maintaining an emphasis on the capability and distinctiveness of individual divisions. Some 3,000 employees now comprise the Company's permanent personnel force. Dependent on business volumes, this number can increase substantially in seasons of peak productivity. It is our hope to weld a strong personnel force which will be able creatively to exploit the functional integration of our Company, and steps are being taken to accomplish this aim.

Our Company has virtually doubled its size in the past two years. As a consequence it became necessary to undertake a recently completed addition to our administrative offices in Winnipeg, where we hope to welcome many of you to our annual shareholders meeting.

We are well aware that size does not necessarily equate with excellence of performance and the fact that through this growth period earnings have not only been maintained but improved is due in large measure to the individual efforts of our employees, whose contribution we gratefully acknowledge.

A handwritten signature in dark ink, appearing to read 'S. Simkin'.

On behalf of the Board,
S. SIMKIN, *President*.



LAND DEVELOPMENT AND HOUSING

Engineered Buildings Limited, the Company's Canadian housing subsidiary, produced 1160 single family homes, 133 duplex units, 189 apartment units, 86 town house units and 10 other structures principally from its Calgary factory. Of the 1578 units, 1196 were erected by the Company's own forces, with the balance sold for erection by associated builders. Mobile or relocateable home production, which began mid-year, was still at year-end in its start-up phase and not a significant factor in the Company operations.

United Kingdom housing operations continue to reflect difficult economic conditions in that area. The Company continues to move from emphasis on government social housing to the private single family sector of the market. Production for the year was 68 private sector units and 65 public housing units.

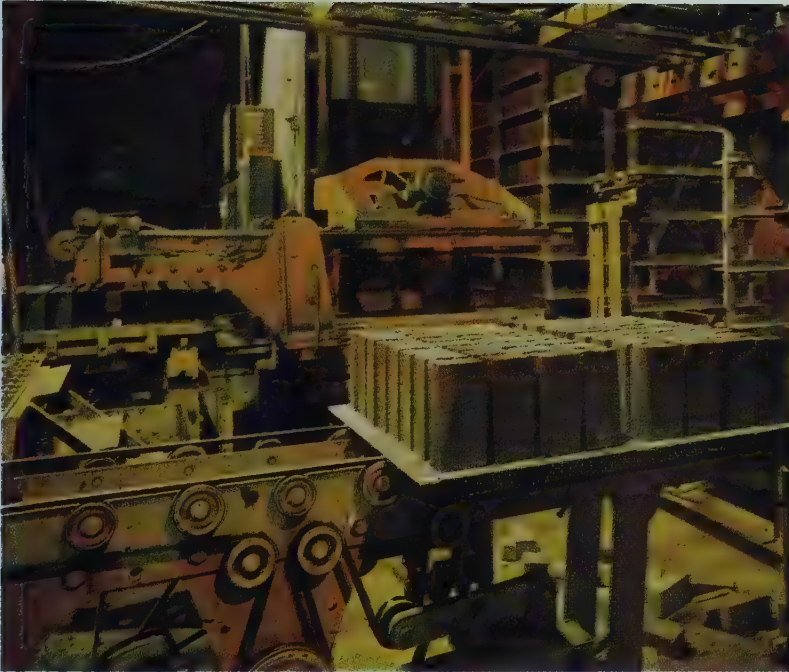
The Land & Property Development Division has substantially expanded its holdings of developable acreage during 1969 in Edmonton, Winnipeg and Vancouver, in which centres, together with Calgary, it now holds over 5,000 acres (with options on an additional 4,800 acres, mainly in Edmonton) and is ready or preparing to make lots available for sale or development at reasonable prices. As new residential subdivisions are prepared, a substantial servicing program will be available to the Company's construction force.



BACM's residential environments, like its award winning homes, require years of designing and planning. In addition to the traditional forms of housing, the Company has entered the relocatable and mobile home manufacturing field to provide Canadians with the widest possible variety of housing.



BUILDING SUPPLIES



Contributing to improved sales of the Manitoba building supply divisions in 1969, were sales of ready-mix concrete, concrete pipe and block, sand, gravel, asphalt paving, and commission sales of manufactured items. The Metropolitan Winnipeg area has been experiencing an increase in construction activity which has had a favourable effect on sales volume for the Building Products & Concrete Supply division in that centre.

In Saskatchewan, sales of building supplies, in the main through Redi-Mix Limited, were not at a satisfactory level, reflecting the relatively depressed state of construction activity in the Province of Saskatchewan which is currently undergoing a period of economic difficulty, mainly in consequence of the problems associated with the world wheat marketing situation.

Expanded sales of building supplies in Alberta, through operations of Consolidated Concrete Limited in five centres reflected the continuing expansion and economic well-being of most parts of that province.

The Company is undertaking improvement and expansion of facilities in Winnipeg and Calgary, the major sales centres for its building supplies.



The Company's building supply operations process natural resources to provide building materials such as ready-mix concrete and concrete blocks for sale to the construction industry of western Canada.



MANUFACTURING

The Company's manufacturing facilities include the five plants of the Con-Force division, manufacturing precast concrete products in Winnipeg, Regina, Saskatoon, Calgary and Edmonton, and the TRUROC plant, manufacturing gypsum wallboard in Saskatoon.

Precast concrete materials continue to gain wider acceptance, and in our expanding market the Company has undertaken plant expansion and improvement in Calgary, Edmonton and Winnipeg which will add to existing capacity.

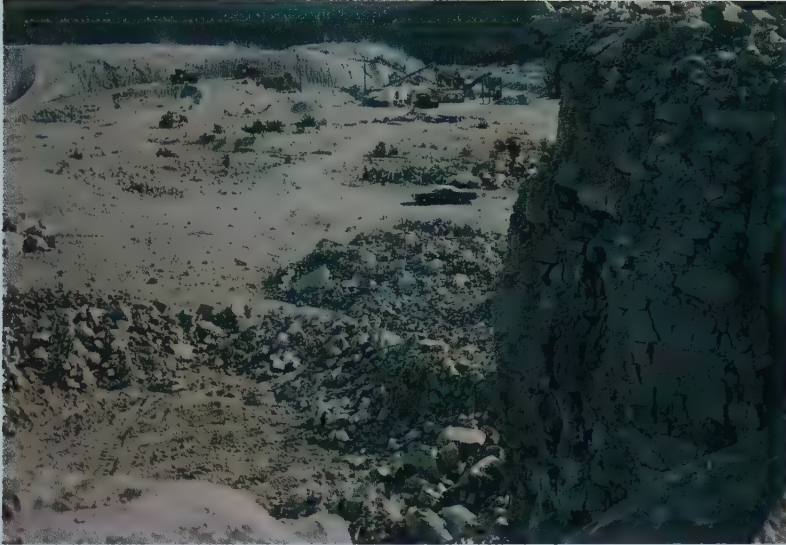
Public acceptance of TRUROC wallboard has assisted in the decision to erect a second plant, in Edmonton, Alberta. The new plant is expected to be in operation this coming summer and will serve the rapidly expanding market area of northern Alberta and the northern interior regions of British Columbia. Like the Saskatoon plant, the new facility will have a capacity of 60,000,000 square feet of TRUROC gypsum wallboard per year.



Raw materials from the Company's owned resources such as the gypsum mine are utilized to produce gypsum wallboard (as shown in its first stages in the pin mixer in the Saskatoon plant) and incorporated in the form of aggregates in a wide variety of architectural precast concrete panels and products.



HEAVY CONSTRUCTION



Heavy construction operations in 1969, despite difficult economic and operating conditions, were nevertheless profitable.

The Company is placing an increasing emphasis on servicing work within metropolitan centres where there can more readily be integration with other operations of the Company and where there is not the same susceptibility to changes in governmental policies which affect the construction industry. The Company has strengthened its B-A Construction division in Manitoba and its Standard-General Construction (International) division in northern Alberta and in British Columbia where expansion of the Company's land development activities makes necessary an increased capacity to provide a servicing program.

Construction companies in North America have been enduring a difficult period, but the construction activities of the Company have throughout remained profitable, although at times only marginally so, and they have been important contributors to production volumes and profits of the other divisions of the Company whose operations are supported by construction.



The Company's heavy construction operations employ the most modern equipment to form highways of concrete, dig and lay storm relief trunk sewers, crush aggregates and build electric power stations.

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

INDEX:

AUDITORS' REPORT—Page 16
CONSOLIDATED INCOME—Page 17
CONSOLIDATED BALANCE SHEET—Pages 18 & 19
SHAREHOLDERS' CONSOLIDATED EQUITY—Page 20
CHANGES IN CONSOLIDATED NET CURRENT ASSETS—Page 21
NOTES TO CONSOLIDATED FINANCIAL STATEMENT—Pages 22-25
NINE YEAR FINANCIAL SUMMARY—Pages 26 & 27

AUDITORS' REPORT

To the Shareholders,
BACM INDUSTRIES LIMITED

We have examined the consolidated financial statement of BACM Industries Limited and subsidiaries for the year ended December 31, 1969. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the consolidated financial statement for the preceding period.

In our opinion, the accompanying statement of income, balance sheet and statements of shareholders' equity, and changes in net current assets present fairly the consolidated financial position of BACM Industries Limited and subsidiaries at December 31, 1969, and the consolidated results of their operations, changes in shareholders' equity and changes in net current assets for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

January 26, 1970.


Chartered Accountants

STATEMENT OF CONSOLIDATED INCOME

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

	Year ended December 31	
	1969	1968*
INCOME		
Net sales	\$104,784,582	\$69,707,377
Other	1,233,329	1,144,902
	<u>106,017,911</u>	<u>70,852,279</u>
COSTS AND EXPENSES		
Cost of sales excluding depletion and depreciation set forth below	79,342,421	54,415,428
Selling, administrative and general	9,498,945	6,194,001
Depletion and depreciation	4,830,972	2,896,551
Interest:		
Long-term debt	1,047,523	845,973
Amortization of discount and expense	13,631	8,891
Other	1,211,862	968,338
Provision for dividends on preferred shares of subsidiary	50,466	27,526
	<u>95,995,820</u>	<u>65,356,708</u>
INCOME BEFORE INCOME TAXES	10,022,091	5,495,571
PROVISION FOR INCOME TAXES		
Current	5,606,584	3,435,060
Deferred	(84,979)	(650,060)
	<u>5,521,605</u>	<u>2,785,000</u>
NET INCOME	\$ 4,500,486	\$ 2,710,571
NET INCOME PER SHARE	\$2.61	\$1.91
AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE YEAR	1,724,188	1,417,272

*Period of ten months

See accompanying notes which are part of the financial statement.

CONSOLIDATED BALANCE SHEET

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

ASSETS

	December 31	
	1969	1968
CURRENT ASSETS		
Demand and term deposits	\$ 2,102,013	\$ 953,788
Trade receivables less allowances, 1969—\$390,388; 1968—\$327,798	24,230,667	17,979,477
Other accounts receivable	1,233,763	383,729
Inventories, generally on the basis of lower of first-in, first-out cost or market	22,877,151	16,671,027
Equity in joint-venture construction contracts	707,601	713,239
Prepaid expenses and other accounts	329,582	679,987
TOTAL CURRENT ASSETS	51,480,777	37,381,247
 OTHER ASSETS	 4,793,080	 6,849,338
 PROPERTIES, PLANT AND EQUIPMENT		
On the basis of cost	68,999,340	53,150,650
Less allowances for depletion and depreciation	32,964,120	24,866,643
	36,035,220	28,284,007
 INTANGIBLE ASSET		
Goodwill	2,589,630	—0—
	 <u>\$94,898,707</u>	 <u>\$72,514,592</u>

See accompanying notes which are part of the financial statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	1969	1968
CURRENT LIABILITIES		
Bank advances	\$15,908,353	\$ 9,407,560
Accounts payable	7,663,522	5,421,962
Accrued expenses	4,105,796	2,478,269
Income taxes:		
On income declared	2,593,301	2,555,185
On income related to realization of contract holdbacks receivable	2,000,244	1,182,221
	<u>4,593,545</u>	<u>3,737,406</u>
Mortgages and agreements on inventory of land held for development and sale	1,357,988	996,013
Installments of long-term debt	3,381,540	2,272,571
TOTAL CURRENT LIABILITIES	<u>37,010,744</u>	<u>24,313,781</u>
LONG-TERM DEBT	16,820,122	15,571,564
DEFERRED INCOME TAXES	6,386,214	5,888,565
PREFERRED SHARES OF SUBSIDIARIES	880,800	2,501,100
SHAREHOLDERS' EQUITY		
Capital stock, \$5 par value	9,143,635	8,170,860
Contributed surplus	8,835,814	4,747,830
Retained earnings	15,821,378	11,320,892
	<u>33,800,827</u>	<u>24,239,582</u>
	<u>\$94,898,707</u>	<u>\$72,514,592</u>

Approved on behalf of the board:

S. Simkin, *Director*

J. L. Bodie, *Director*

STATEMENT OF SHAREHOLDERS' CONSOLIDATED EQUITY

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

	Year ended December 31	
	1969	1968*
CAPITAL STOCK		
Authorized—2,000,000 shares, \$5 par value		
Outstanding at beginning of year:		
1969—1,634,172 shares; 1968—1,093,172 shares	\$ 8,170,860	\$ 5,465,860
Add:		
Cash subscriptions—175,000 shares	—0—	875,000
Conversion of warrants (expired September 30, 1969):		
1969—94,555 shares; 1968—1,000 shares	472,775	5,000
Issued upon purchase of outstanding capital stock of:		
Redi-Mix Limited—100,000 shares	500,000	—0—
Standard Holdings Limited, Jefferies Developments Ltd. and Consolidated Concrete Limited—365,000 shares	—0—	1,825,000
Outstanding at end of year:		
1969—1,828,727 shares; 1968—1,634,172 shares	9,143,635	8,170,860
CONTRIBUTED SURPLUS		
Balance at beginning of year	4,747,830	1,009,919
Add:		
Consideration received for shares issued less amount attributed to capital:		
Cash subscriptions	—0—	2,425,000
Conversion of warrants	1,313,084	13,758
Net assets of subsidiaries	2,525,000	1,526,511
Gain on preferred shares of subsidiaries purchased from the holders at a discount	249,900	—0—
Expenses related to issue of shares (deduction)	—0—	(227,358)
Balance at end of year	8,835,814	4,747,830
RETAINED EARNINGS		
Balance at beginning of year	11,320,892	8,610,321
Add net income for the year	4,500,486	2,710,571
Balance at end of year	15,821,378	11,320,892
TOTAL EQUITY AT END OF YEAR	\$33,800,827	\$24,239,582

*Period of ten months

See accompanying notes which are part of the financial statement.

STATEMENT OF CHANGES IN CONSOLIDATED NET CURRENT ASSETS

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

	Year ended December 31	
	1969	1968*
ADDITIONS		
From income:		
Net income for the year	\$ 4,500,486	\$ 2,710,571
Income statement items which did not affect net current assets:		
Depletion and depreciation	4,830,972	2,896,551
Discount and expense on long-term debt	13,631	8,891
Deferred income taxes (reduction)	(84,979)	(650,060)
Other	20,387	35,660
	<u>9,280,497</u>	<u>5,001,613</u>
Proceeds from surrender of life insurance policies	696,416	—0—
Sale of revenue properties	791,190	400,000
Special refundable tax	253,664	(118,272)
Notes receivable	798,700	236,200
Proceeds from sale of capital stock	1,785,859	3,091,399
Other—net	308,400	167,968
	<u>13,914,726</u>	<u>8,778,908</u>
DEDUCTIONS		
Advances to affiliates	250,000	200,000
Additions to property, plant and equipment less carrying amount of disposals	4,653,258	2,044,136
Net reduction in long-term debt	708,968	(110,734)
Investment in shares of subsidiaries less net current assets at dates of acquisition	5,529,534	3,372,946
Purchase of preferred shares of subsidiaries	1,370,400	—0—
	<u>12,512,160</u>	<u>5,506,348</u>
NET INCREASE	1,402,566	3,272,560
Net current assets at beginning of year	13,067,466	9,794,906
NET CURRENT ASSETS AT END OF YEAR	<u>\$14,470,032</u>	<u>\$13,067,466</u>

*Period of ten months

See accompanying notes which are part of the financial statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

December 31, 1969

NOTE A—PRINCIPLES OF CONSOLIDATION

The consolidated financial statement includes the assets, liabilities, income and expenses of BACM Industries Limited and all its subsidiaries, and makes provision for minority interest represented in preferred shares of a subsidiary—see Note H. Operations of subsidiaries acquired during the year have been included from the dates of acquisition—see Note L. Inter company investments, accounts and transactions have been eliminated.

NOTE B—ASSETS SUBJECT TO LIEN

General assignments of book debts and pledges of inventories and certain lands held for development and sale have been given as collateral for bank loans. In addition, bank advances of the parent company and certain subsidiaries are secured by floating charges on certain assets. Other lands held for development and sale are subject to mortgages, included in current liabilities, or are pledged as partial security for the 6¼ % Note Payable—see Note F. Certain revenue properties included in other assets and certain items of property, plant and equipment are subject to mortgages or title-retention provisions of equipment-purchase contracts.

The assets of the Company and its subsidiaries are subject to floating charges included in the agreements relating to the 6% Sinking Fund Debentures and the 6¼ % Note Payable and agreements relating to other bonds and debentures included in Long-Term Debt.

NOTE C—OTHER ASSETS

	<u>1969</u>	<u>1968</u>
Government bonds at cost—approximate market 1969—\$969,265; 1968—\$836,225	\$1,311,702	\$1,105,552
Revenue properties at cost less depreciation: 1969—\$130,673; 1968—\$386,037	621,254	1,697,083
Investments in and advances to affiliates	1,915,932	1,650,513
Notes receivable and mortgages	774,449	1,179,621
Cash surrender value of life insurance	—0—	696,416
Special refundable tax	—0—	253,664
Unamortized discount and expense on long-term debt	165,741	199,759
Other accounts	517,881	448,488
	<u>5,306,959</u>	<u>7,231,096</u>
Less amounts included in accounts currently receivable	513,879	381,758
	<u>\$4,793,080</u>	<u>\$6,849,338</u>

NOTE D—PROPERTIES, PLANT AND EQUIPMENT

	<u>1969</u>	<u>1968</u>
Land	\$ 2,165,591	\$ 1,326,558
Buildings	8,942,527	6,309,242
Machinery and equipment	51,164,428	42,451,281
Gravel deposits	4,171,620	2,459,759
Spur tracks and yard improvements	1,116,739	603,810
Plant under construction	1,438,435	—0—
	<u>\$68,999,340</u>	<u>\$53,150,650</u>

Allowances for depreciation of buildings, machinery and equipment are based on the straight-line method at rates calculated to amortize the cost over the estimated useful lives of the assets. During the year certain rates on mobile equipment were changed to provide a consistent policy in all subsidiaries and divisions. The revision had no significant effect on the total depreciation provided for the year.

The rates used are: buildings—2½ % to 6½ %; machinery and equipment—6½ % to 25%; spur tracks and yard improvements—5%.

Depletion of gravel deposits is computed on the basis of yards of material removed in relation to total estimated content.

NOTE E—INTANGIBLE ASSET

The cost exceeded the net assets of subsidiaries acquired during the year by \$5,027,112 which has been accounted for as follows:

Investment in shares of affiliate	\$ 297,481
Land	475,000
Gravel deposits	1,094,776
Buildings	25,000
Equipment	545,225
Goodwill	2,589,630
	<u>\$5,027,112</u>

Amounts allocated to land, gravel deposits, buildings and equipment are amortized in accordance with the company's policy as described in Note D.

The amount allocated to goodwill will be regularly reviewed. No amortization of this amount has been recorded in the accounts, since, in the opinion of management, no diminution of value has occurred.

NOTE F—LONG TERM DEBT

	<u>1969</u>		<u>1968</u>
	<u>Current Maturities</u>	<u>Principal</u>	<u>Principal</u>
6% Sinking Fund Debentures due August 1, 1981: Payments of \$100,000 U.S., increasing to \$225,000 U.S., dependant on consolidated earnings are due annually on March 31st. Repurchased debentures on hand will satisfy sinking fund requirements to March 31, 1970. Outstanding \$1,601,000 U.S.	\$ —0—	\$ 1,649,185	\$ 1,911,344
6¼ % Note due March 1, 1979: Mandatory payments of \$300,000 U.S. and supplemental repayments based on sales of land held for development and sale are due annually on March 1st. Outstanding \$2,612,625 U.S.	493,952	2,820,817	3,378,792
6½ % Mortgage repayable in thirty semi-annual installments commencing March 1, 1970	208,400	3,126,000	3,126,000
6% Mortgage Sinking Fund Bonds, Series A, payable in annual installments	175,000	2,450,000	2,500,000
7% First Mortgage Sinking Fund Bonds, Series C, due September 30, 1986	70,000	1,190,000	1,260,000
5¾ % Serial Debentures due May 1, 1975	125,000	750,000	875,000
6¼ % First Mortgage Bonds	150,000	900,000	—0—
Notes payable without interest:			
Due in annual installments	532,448	2,762,240	—0—
Due January 25, 1970	500,000	500,000	1,000,000
7% Note repayable in annual installments	220,000	880,000	1,100,000
Other notes with interest from 5% to 8¼ % repayable in annual installments	532,079	1,636,648	1,650,102
Other mortgages with interest from 5½ % to 7% repayable in installments	26,000	761,008	1,042,897
Other debentures with interest from 6% to 7¼ % repayable in annual installments	100,500	403,500	—0—
Equipment purchase contracts due in monthly installments at interest rates from 9% to 12%	248,161	372,264	—0—
	<u>\$3,381,540</u>	<u>20,201,662</u>	<u>17,844,135</u>
Less amounts included in current liabilities		3,381,540	2,272,571
		<u>\$16,820,122</u>	<u>\$15,571,564</u>

The Indenture and First Supplemental Indenture dated August 1, 1961, relating to the 6% Sinking Fund Debentures require maintenance of consolidated net current assets in excess of \$750,000 and restrict the payment of cash dividends. The agreement relating to the 6¼ % Note Payable requires maintenance of consolidated net current assets in excess of \$5,500,000, restricts repurchases of the 6% Sinking Fund Debentures exceeding those required under that indenture and restricts payment of cash dividends. Indentures relating to other items of long-term debt require maintenance of minimum working capital and tangible net worth and restrict payment of dividends by the subsidiaries. At December 31, 1969, consolidated retained earnings approximating \$7,623,000 are not subject to the more restrictive of these provisions.

NOTE G—INCOME TAXES

The laws of Canada and its Provinces do not recognize consolidated income as a basis for taxation and the provision stated represents the aggregate of income taxes provided by each of the companies in the consolidation. In general, such provisions are based on reported income but distinction has been made between income taxes currently payable and deferred income taxes.

The former include taxes on income declared and taxes related to contract holdbacks currently receivable. Such taxes become payable as the holdbacks are received.

The deferred income taxes are attributable to the difference between allowances claimed for tax purposes and depreciation provided in the accounts.

NOTE H—PREFERRED SHARES OF SUBSIDIARIES

	<u>1969</u>	<u>1968</u>
Redeemable, par value \$100:		
Consolidated Concrete Limited—5% cumulative	\$880,800	\$1,101,100
Standard Holdings Limited—5% non-cumulative	<u>—0—</u>	<u>1,400,000</u>
	<u>\$880,800</u>	<u>\$2,501,100</u>

During the year 2,203 preferred shares of Consolidated Concrete Limited and 14,000 preferred shares of Standard Holdings Limited were purchased for \$1,370,400.

NOTE I—CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees up to \$555,000 have been given with respect to the bank loans of affiliated companies. Such loans amounted to \$335,000 at December 31, 1969.

Outstanding commitments for construction of a wallboard plant in Edmonton approximate \$2,600,000 at December 31, 1969.

It is impractical to determine the amounts of contingent liabilities and commitments arising in the performance of construction contracts entered into in the ordinary course of business.

NOTE J—PENSION AND RETIREMENT PLAN

Aside from statutory requirements of the Canada Pension Plan, contributions for the year to provide retirement benefits for employees amounted to \$90,025. The plans are fully funded and assets exceed amounts vested in employees.

NOTE K—REMUNERATION OF DIRECTORS

Total remuneration of directors of the Company and its subsidiaries, comprising salaries and pension benefits, amounted to \$162,823 for the year.

NOTE L—SUBSEQUENT EVENT

At a special meeting on January 15, 1970, the shareholders approved the following:

- i) Purchase as of July 1, 1969 of the outstanding capital stock of Redi-Mix Limited and affiliates from Genstar Limited, parent, in exchange for 100,000 unissued shares of capital stock.
- ii) Sale of 60,000 shares of capital stock at \$30.00 and issue of a note for \$600,000 to Genstar Limited, parent, to finance the Truroc plant under construction.
- iii) Application to increase authorized capital stock from two million shares to four million shares of \$5 par value.

NINE YEAR FINANCIAL SUMMARY

OPERATING RESULTS:	Years Ended December 31		Year Ended
	1969	1968*	February 29 1968
Net Sales	\$ 104,785	\$ 69,708	\$ 61,153
Other Income	1,233	1,144	482
Total Operating Revenues	106,018	70,852	61,635
Cost of Sales	79,342	54,415	50,173
Selling, Administrative and General	9,550	6,221	4,671
Depletion and Depreciation	4,831	2,897	1,867
Interest	2,273	1,823	1,399
Total Operating Expenses	95,996	65,356	58,110
Income Before Income Taxes	10,022	5,496	3,525
Income Taxes	5,522	2,785	1,769
Net Income	4,500	2,711	1,756

FINANCIAL POSITION:

Current Assets	51,481	37,381	27,273
Current liabilities	37,011	24,314	17,478
Working Capital	14,470	13,067	9,795
Property, Plant & Equipment, Net	36,035	28,284	14,648
Long-Term Debt	16,820	15,572	9,977
Deferred Income Taxes	6,386	5,889	3,193
Shareholders' Equity	33,801	24,240	15,086
Preferred Shares of Subsidiaries	881	2,501	—0—

OTHER INFORMATION:

Return on Shareholders' Equity	15.9%	13.8%	12.4%
Net Income Per Share	2.61	1.91	1.61
Return on Net Sales	4.3%	3.9%	2.9%
Book Value Per Share	18.48	14.83	13.80
Deferred Income Taxes Per Share	3.70	3.60	2.92
Number of Shares Outstanding—End of period	1,828,727	1,634,172	1,093,172
—Average	1,724,188	1,417,272	1,093,172
Number of Registered Shareholders	1,158	1,374	1,466

*Period of ten months

Years Ended February 28 or 29

1967	1966	1965	1964	1963	1962
\$ 52,747	\$ 34,095	\$ 32,150	\$ 26,054	\$ 20,127	\$ 18,208
920	415	605	106	202	391
53,667	34,510	32,755	26,160	20,329	18,599
43,901	28,162	27,723	20,934	16,900	13,375
4,227	1,997	1,765	1,741	1,625	1,214
1,689	1,446	1,377	1,164	1,145	944
1,168	816	697	574	481	292
50,985	32,421	31,562	24,413	20,151	15,825
2,682	2,089	1,193	1,747	178	2,774
1,325	1,051	612	904	116	1,106
1,357	1,038	581	843	62	1,668

27,273	19,649	17,164	15,086	11,592	9,590
19,505	11,966	9,755	12,663	9,410	6,858
7,768	7,683	7,409	2,423	2,182	2,732
13,644	9,787	9,522	8,937	8,118	7,159
10,415	7,152	7,592	3,456	3,755	3,878
2,648	1,616	1,420	1,825	1,239	722
13,330	10,936	10,170	7,371	6,689	6,856
—0—	—0—	—0—	—0—	—0—	—0—

11.2%	9.8%	6.6%	12.0%	0.9%	28.1%
1.24	1.01	0.57	0.82	0.06	1.63
2.6%	3.0%	1.8%	3.2%	0.3%	9.2%
12.20	10.68	9.93	7.20	6.53	6.69
2.42	1.58	1.39	1.78	1.21	.70
1,093,172	1,024,212	1,024,212	1,024,212	1,024,212	1,024,212
1,093,172	1,024,212	1,024,212	1,024,212	1,024,212	1,024,212
1,458	1,534	1,658	1,818	1,765	1,741

(PER SHARE AMOUNTS IN DOLLARS — OTHER DOLLAR AMOUNTS IN THOUSANDS)



BACM BUSINESS ACTIVITIES & OPERATING COMPANIES



"helping shape a better world around you"

BACM INDUSTRIES LIMITED

Corporate Office: 1500 Plessis Road, Winnipeg 25, Manitoba

LAND DEVELOPMENT & HOUSING OPERATIONS

B.A.C.M. LIMITED LAND & PROPERTY DEVELOPMENT DIVISION
ENGINEERED BUILDINGS LIMITED ("ENGINEERED HOMES")
ENGINEERED HOMES (GREAT BRITAIN) LIMITED

CONSTRUCTION OPERATIONS

B-A CONSTRUCTION LTD.
STANDARD-GENERAL CONSTRUCTION (INTERNATIONAL) LIMITED

BUILDING SUPPLY OPERATIONS

BUILDING PRODUCTS & CONCRETE SUPPLY
CONSOLIDATED CONCRETE LIMITED
PROVINCIAL CONCRETE & BUILDERS SUPPLY
PORTAGE CONCRETE
REDI-MIX LIMITED
TALLCRETE
WESTERN CONCRETE

MANUFACTURING OPERATIONS

"TRUROC" GYPSUM WALLBOARD
CON-FORCE LIMITED, PRECAST CONCRETE

GENERAL COUNSEL

CANTOR, SIMKIN, CANTOR & GOLTSMAN, Winnipeg, Manitoba

AUDITORS

ERNST & ERNST

REGISTRARS AND TRANSFER AGENTS

MONTREAL TRUST COMPANY
Calgary, Alberta—Winnipeg, Manitoba—Toronto, Ontario
THE BANK OF NEW YORK—New York, N.Y.

LISTINGS

AMERICAN STOCK EXCHANGE
TORONTO STOCK EXCHANGE



The Company participates in the expansion within its market area through its supply of ready-mix concrete for high rise office construction; production and sale of relocatable homes; production and sale of gypsum wallboard; increased capacity for the provision of ready-mix concrete; sewer and water tunnelling construction and through plant expansion increased capacity to provide precast concrete products for the construction industry.



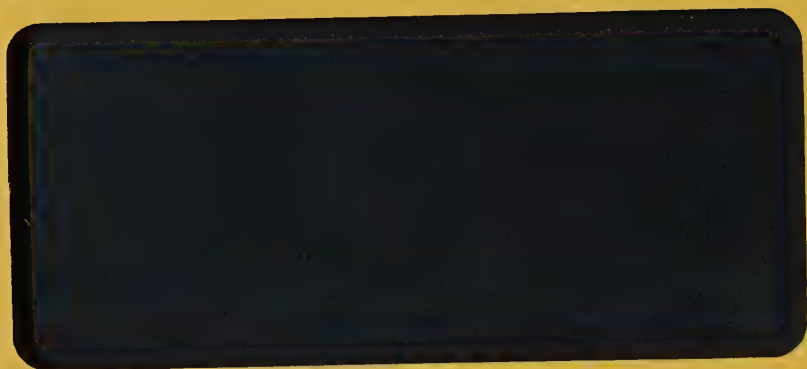
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BACM INDUSTRIES LIMITED

ANNEXURE 1





BACM INDUSTRIES LIMITED

AUGUST 1969

August 12, 1969

BACM INDUSTRIES LIMITED

1500 Plessis Road, Winnipeg 25, Manitoba

History

Incorporated in Manitoba, December, 1960 as British-American Construction & Materials, combining Simkin's Construction Co. Ltd. with its subsidiaries and Tallman Construction Ltd. with its subsidiaries. Business established in 1911. On July 5, 1967 present name name BACM INDUSTRIES was adopted.

In fiscal 1962 acquired Western Concrete Products Ltd. of Brandon, Manitoba, Union Fuel and Builder's Supply Co. of Winnipeg and Universal Construction Co. Ltd. of Edmonton, Alberta (which was subsequently sold in 1968).

In fiscal 1966 acquired Engineered Buildings Ltd. and its subsidiaries of Calgary, Alberta.

In fiscal 1968 acquired Standard Holdings Ltd. and its subsidiary, Standard-General Construction (International) Ltd., and Consolidated Concrete Ltd. of Calgary, Alberta.

In April, 1969 the Company acquired Con-Force Products Ltd. and certain associated companies of Calgary, Alberta, including Consolidated Block & Pipe of Regina, Saskatchewan. The acquisition resulted in the merger of operations of Con-Force and BACM's Preco Division into one strong, five plant precast concrete production and sales organization now operating under the Con-Force Limited company name.

2/....

In April, 1969, the Company's Engineered Buildings Limited Division opened a second home manufacturing facility in Calgary when it entered the mobile homes marketing field. The Company's completely furnished mobile homes will be marketed throughout Western Canada.

On April 23, BACM announced plans to construct a second company "TRUROC" gypsum wallboard plant in the City of Edmonton. This plant, a sister operation to the Company's Saskatoon operation is expected to be in production during the summer of 1970.

On August 11, 1969, BACM announced it had entered into an agreement to purchase Redi-Mix Limited of Regina.

Business Activities

The Company through its divisions and wholly-owned subsidiaries, is engaged in a combination of related enterprises, including the production and sale of precast and prestressed structural and architectural concrete products, concrete block and pipe, metal culvert pipe, ready-mix concrete, gypsum wallboard, housing and specialized buildings, sand, gravel, classified aggregates, gypsum and other related materials; the erection of commercial and institutional buildings and housing; the development and servicing of raw land for resale; and a wide range of heavy construction activities.

3/.....

The Company's business activities, which mainly take place in Western Canada, are divided into 4 major categories with their approximate % of total corporate sales noted in brackets:

Manufacturing, Building Materials & Supplies (33%); Residential & Specialty, Construction (28%); Heavy Construction (31%), Improved Land & Miscellaneous (8%).

Property

The Company owns and operates the following plants and facilities as at August 11, 1969.

Building Materials

Calgary, Alberta (2))	
Red Deer, Alberta)	
Edmonton, Alberta (2))	
Grande Prairie, Alberta)	
Winnipeg, Manitoba (3))	
Brandon, Manitoba	)	Concrete
Pinawa, Manitoba	)	ready-mix
Portage La, Prairie, Manitoba	)	plants
Moose Jaw, Saskatchewan)	
Saskatoon, Saskatchewan)	
Regina, Saskatchewan)	
Calgary, Alberta)	
Edmonton, Alberta	)	Concrete
Lethbridge, Alberta	)	pipe
Grande Prairie, Alberta	)	plants
Winnipeg, Manitoba)	
Regina, Saskatchewan)	
Calgary, Alberta (2))	
Edmonton, Alberta	)	Concrete
Winnipeg, Manitoba	)	block
Regina, Saskatchewan	)	plants
Vancouver, B.C. (2))	
Calgary, Alberta (2)	)	Asphalt
Regina, Saskatchewan	)	plants
Winnipeg, Manitoba)	
Calgary, Alberta)	
Edmonton, Alberta)	
Imperial, Saskatchewan)	
Regina, Saskatchewan	)	Aggregate
Winnipeg, Manitoba (3)	)	plants
Beausejour, Manitoba)	
Brandon, Manitoba)	
Saskatoon, Saskatchewan)	
Winnipeg, Manitoba)	
Calgary, Alberta	)	Pre-cast and pre-
Edmonton, Alberta	)	stressed concrete
Regina, Saskatchewan	)	plants
Saskatoon, Saskatchewan	)	Gypsum wallboard plants
Edmonton, Alberta (under construction))	

6/.....

The Company owns over 2,500 pieces of mobile construction equipment, including tractors, trucks, cement mixer trucks, cranes, loaders, scrapers, dozers, draglines, rock wagons and earth moving and paving equipment. In addition it has 15 portable asphalt and concrete plants, 17 mobile crushing and screening plants, and a portable soil cement plant, and a large number of mobile trailers to house men at remote construction sites.

Employees

The Company employs some 1,800 people which increases to over 4,500 at peak business periods.

OFFICERS

Chairman of the Board & President	Saul Simkin
Vice-President	Israel Simkin
Vice-President	A. L. Simkin
Vice-President	D. D. Tallman
Vice-President	J. L. Bodie
Vice-President	B. A. Monkman
Treasurer	K. C. Kinsley
Secretary	T. R. Denton

DIRECTORS

J. L. Bodie
F. C. Cope
E. J. Cuyler
A. A. Franck
R. F. Jennings
B. T. Johnson
A. A. MacNaughton
D. R. MacArthur
A. L. Simkin
S. Simkin
J. Simkin

BACM INDUSTRIES LIMITED (Divisions of Subsidiaries are indented below subsidiary)

SUBSIDIARIES

1. B.A.C.M. LIMITED

B-A Construction
Building Products and Concrete Supply
Provincial Concrete and Builders Supply
Tallcrete
Tallman Paving
Portage Concrete
Preco Concrete Products
Gypsum Products
Saskatchewan Aggregates & Paving
Western Concrete

2. CONSOLIDATED CONCRETE LIMITED

3. CON-FORCE PRODUCTS LTD.

4. ENGINEERED BUILDINGS LIMITED

Engineered Homes

5. REDI-MIX LIMITED

6. ENGINEERED HOMES (GREAT BRITAIN) LIMITED

7. STANDARD HOLDINGS LIMITED

8. STANDARD-GENERAL CONSTRUCTION (INTERNATIONAL) LTD.

S-G Mine Developers
S.G.S. Contractors, Inc.

